



AR20

Standard

STANDARD BROADCASTING CORPORATION LIMITED



**1973-74**

**49th ANNUAL REPORT**

**YEAR ENDED MARCH 31, 1974**

# STANDARD BROADCASTING CORPORATION LIMITED 1973-74

## Directors

Alex E. Barron  
George Montegu Black, Jr.  
G. Allan Burton, D.S.O., E.D.  
W. C. Thornton Cran, F.C.A.  
Pierre P. Daigle  
W. Leo Knowlton, Q.C.  
A. Bruce Matthews, C.B.E., D.S.O., E.D.  
H.T. McCurdy  
John A. McDougald  
Maxwell C.G. Meighen, O.B.E.

## Officers

Chairman of the Board, John A. McDougald  
President, H.T. McCurdy  
Vice-President, Donald H. Hartford  
Vice-President, R. R. Moody  
Vice-President, J. Lyman Potts  
Vice-President Finance, Secretary and  
Treasurer, J. M. Packham, C.A.  
Assistant Treasurer, Mrs. M. M. MacRae

## Transfer agent and registrar

Crown Trust Company, Toronto and Montreal

## Auditors

Coopers & Lybrand, Chartered Accountants, Toronto

## Bankers

Canadian Imperial Bank of Commerce  
The Royal Bank of Canada  
The Bank of Montreal

## Subsidiary companies

CFRB Limited, Toronto  
CJAD Limited, Montreal  
Standard Broadcast Sales Company Limited,  
Toronto and Montreal  
Canadian Standard Broadcast Sales Inc., New York  
Standard Broadcast Productions Limited, Toronto  
Standard Sound Systems Company Limited, Montreal  
Standard Broadcasting Realty Limited, Toronto  
Standard Broadcasting Corporation (U.K.) Limited,  
London  
St. Clair Productions Limited, Toronto

The Annual Meeting of Shareholders will be held at the  
Royal York Hotel (Territories Room), Toronto on  
Tuesday, June 25, 1974 at 12:00 noon.





## COMPARATIVE HIGHLIGHTS

	1974	1973
Gross revenue .....	<b>\$15,069,947</b>	\$14,128,862
Depreciation and amortization .....	<b>388,156</b>	323,191
Operating profit .....	<b>6,107,313</b>	5,976,890
Income from investments .....	<b>627,957</b>	433,167
Income taxes .....	<b>3,355,400</b>	3,106,900
Net earnings — before extraordinary item .....	<b>3,379,870</b>	3,303,157
— after extraordinary item .....	<b>3,379,870</b>	3,202,351
Dividends .....	<b>2,251,800</b>	2,139,018
Number of shares outstanding .....	<b>5,629,500</b>	5,629,500
Number of shareholders .....	<b>2,000</b>	1,975
Earnings per share — before extraordinary item .....	<b>.60</b>	.587
— after extraordinary item .....	<b>.60</b>	.569
Dividends per share .....	<b>.40</b>	.38
Working Capital .....	<b>\$10,955,818</b>	\$10,042,013

## TEN-YEAR COMPARATIVE STATEMENT OF EARNINGS

(000 omitted)

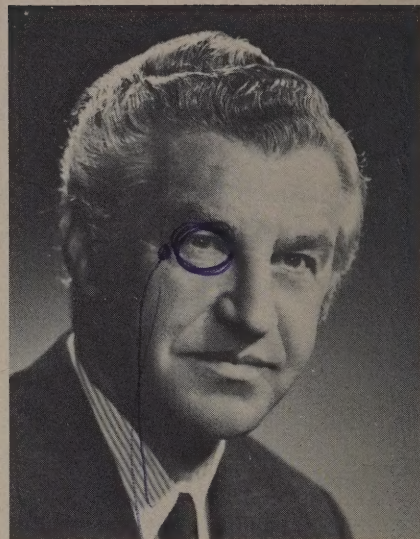
	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965
Gross revenue .....	<b>\$15,070</b>	\$14,129	\$13,183	\$12,929	\$12,147	\$10,661	\$8,984	\$7,615	\$6,523	\$5,769
Operating costs and expenses .....	<b>8,575</b>	7,829	7,145	7,434	7,130	6,119	5,268	4,504	3,825	3,397
Depreciation and amortization .....	<b>388</b>	323	296	308	363	272	262	260	261	263
Operating profit .....	<b>6,107</b>	5,977	5,742	5,187	4,654	4,270	3,454	2,851	2,437	2,109
Income from investments ..	<b>628</b>	433	348	476	464	370	301	196	127	82
	<b>6,735</b>	6,410	6,090	5,663	5,118	4,640	3,755	3,047	2,564	2,191
Provision for income taxes	<b>3,355</b>	3,107	3,001	2,947	2,654	2,513	1,951	1,564	1,341	1,122
Earnings before extra-ordinary items .....	<b>3,380</b>	3,303	3,089	2,716	2,464	2,127	1,804	1,483	1,223	1,069
Extraordinary items — net of tax .....	—	(101)	—	—	—	163	115	—	46	—
Net earnings for the year ..	<b>\$ 3,380</b>	\$ 3,202	\$ 3,089	\$ 2,716	\$ 2,464	\$ 2,290	\$ 1,919	\$ 1,483	\$ 1,269	\$ 1,069
Dividends paid - regular ..	<b>\$ 2,252</b>	\$ 2,139	\$ 1,630	\$ 1,401	\$ 1,175	\$ 697	\$ 471	\$ 402	\$ 339	\$ 274
- special	—	—	562	561	—	—	557	—	—	—
Earnings Per Share (based on number of shares outstanding at end of year)										
-Before extraordinary items .....	<b>.60</b>	\$ .587	\$ .549	\$ .484	\$ .440	\$ .381	\$ .324	\$ .272	\$ .227	\$ .199
-Net earnings for the year	<b>.60</b>	.569	.549	.484	.440	.410	.345	.272	.235	.199



## REPORT TO THE SHAREHOLDERS



*Chairman of the Board*  
**JOHN A. McDOUGALD**



*President*  
**H.T. McCURDY**

In this, our 49th Annual Report, your directors are pleased to present the results for the year ended March 31, 1974.

Consolidated revenue of \$15,069,947 was 6.7% over the previous year. Net earnings were \$3,379,870, an increase of 2.3%. Earnings per share were 60¢ compared with 58.7¢ last year before extraordinary expenditures last year.

While there was a certain softness in the national sales picture in the latter half of our fiscal year, we were pleased with the substantial gains achieved in local sales by our AM and FM stations in Toronto and in Montreal. Advance sales bookings compare favourably with figures for the previous year.

### **CFRB**

CFRB maintains its dramatic leadership role in Canadian radio. Although competition from all media in Metropolitan Toronto has never been keener, CFRB continues to have more Canadians listening than any other radio station in the country.

Continually demonstrating innovativeness in programming and public service, CFRB enjoys a unique position of warmth and trust throughout the huge community it serves.

The incredible story of Gordon Sinclair's "Let's Be Personal" talk on the station last June titled "The Americans" is now

well-known. CFRB has received thousands of letters and telephone calls from all over the United States and other countries about the broadcast. Some five million recordings of the Sinclair editorial have been sold and Mr. Sinclair has pledged all royalties from record sales to the American National Red Cross.

### **CKFM**

CKFM established new revenue and audience records in the past year. During this time there has been a further extension of separate FM programming. Several new creative on-air projects have been developed in anticipation of new CRTC policies on FM programming; these programs have met with good response from both listeners and advertisers.

Expansion plans have been completed to provide much-needed additional studios and offices.

Transmitting facilities will be moved to the new CN Tower upon its completion. This is to be the tallest structure in the world and assures CKFM a secure future for its signal over a vast area.

### **CJAD**

CJAD remains dominant in Montreal English radio in the face of increasing competition from all stations. Retail



time sales were at an all-time high, reflecting Montreal's buoyant economy. On the other hand, national time sales did not reach the levels we hoped for; total sales were slightly off budget but ahead of last year. The continuing rise in retail time sales, however, leads us to forecast a modest improvement in sales for the coming year.

### **CJFM**

Since the CRTC's release in April, 1973, of its "proposal for an FM radio policy in the private sector", CJFM has responded to the spirit of the guidelines and has taken positive steps to assure an acceptable alternate radio service in Montreal. To this end, a uniquely qualified and experienced staff of FM broadcasters was assembled in the fall of 1973 to direct CJFM towards a more competitive position in the market.

It is evident that FM radio in Canada is steadily increasing its share of the listening audience. CJFM's long-range policies and objectives are designed to capitalize on this trend.

### **Standard Broadcast Sales Company Limited**

As the national sales representatives for fifteen radio stations located in Canada's largest cities, this subsidiary continues to be a leader in its field. Despite a hesitancy in national radio and television sales commitments, the consolidated profits of Standard Broadcast Sales and the U.S. subsidiary Canadian Standard Broadcast Sales reflect an increase over the previous year. Both companies anticipate continued growth and development.

The company is lending its full support to the development of our sales representation activities in the U.K., as mentioned later in this report.

### **MUZAK**

Standard Sound Systems Company Limited, which operates the Muzak franchise in Eastern Canada, completed the year with the highest sales record since the start of the Muzak service in Montreal over thirty years ago. This resulted from a sustained campaign of promotion and publicity in both English and French media, a general improvement in the quality and distribution of the Muzak programs and the reinforcement of the branch operations throughout the franchise area. A new agency was established in Prince Edward Island. The company is now active in all major

cities in Quebec and the four Atlantic Provinces.

A continuation of this trend, together with planned expansion into a number of other compatible-product lines in the internal communications field, should result in increased revenues in the years to come.

### **Standard Broadcast Productions Limited**

Sales of syndicated radio programs and returns from music publishing resulted in this company showing increased revenue over the previous year.

Meanwhile, key radio stations from St. John's to Victoria, whose newscasts are listened to by 25% of Canada's population, benefited from expanded coverage of Standard Broadcast News.

The Canadian Talent Library, managed by SBP, increased its total number of recorded performances by Canadian artists to 2,120, with the station subscriber list rising to 240.

### **Other Activities**

As we have mentioned in previous Annual Reports, your directors have long thought it desirable that your company participate in commercial radio in the United Kingdom. Early in April of this year our U.K. subsidiary, Standard Broadcasting Corporation (U.K.) Limited, acquired a substantial minority interest in Broadcast Marketing Services Ltd., a radio time sales representation company with headquarters in London. Broadcast Marketing Services Ltd. has contracted to sell national time for several large U.K. radio stations, including Glasgow, Liverpool and Newcastle.

Your United Kingdom subsidiary also secured quite recently a modest equity position in Sound of Merseyside Ltd., the commercial radio station licensed to serve the Liverpool region. We look forward to a long and happy association with this group. The Liverpool station is expected to begin broadcasting this fall to serve a population of two and a half million people.

In view of the increased demand for radio commercials produced in Canada, your directors established St. Clair Productions Limited as a creative commercial production arm of Standard. The company is fully operational and has already exceeded early expectations.

### **Pension Plan**

Our actuaries report that the company's Pension Plan was fully funded as at March 31, 1974.

### **Management**

Mr. W.C. Thornton Cran retired as President of your company on December 31, 1973. Under Mr. Cran's direction as President over nearly fifteen years new highs in revenues and earnings were attained every year. Your directors wish to record their deep appreciation for his great contribution to the development and success of Standard Broadcasting Corporation Limited and are most pleased that he has agreed to continue as a director.

Mr. H.T. McCurdy became President on January 1, 1974. Mr. McCurdy is a director of your company and was for many years President of CJAD Limited, Montreal.

It is with sorrow that we record the untimely death of Mr. T.N. Beaupre, a director of your company since 1968 and, at the time of his death, the Chairman and President of Domtar Limited. Your directors will miss his wise counsel and warm good humour. In his place Mr. A.D. Hamilton was appointed a director May 17, 1974.

### **Outlook**

The outlook for 1974/75 appears favourable for the Standard group of companies, but your directors would be remiss if they failed to point out the continued pressure on earnings caused principally by inflation and the general uncertainty in the Canadian economy today. Our strong working capital position, however, enables us to look positively at possible acquisitions of additional broadcasting properties.

Your directors would like to take this opportunity of expressing their sincere appreciation and thanks to all the employees and associated talent within your group of companies who have made this past year so successful.

John A. McDougald  
*Chairman of the Board*

H.T. McCurdy  
*President*

May 17, 1974.





## STANDARD BROADCASTING CORPORATION LIMITED

and subsidiary companies

## CONSOLIDATED BALANCE SHEET

### Assets

	1974	1973
<b>CURRENT</b>		
Cash .....	\$ 271,569	\$ 231,964
Short-term investments — at cost .....	8,944,463	8,728,002
Accounts receivable .....	2,629,225	2,509,180
Prepaid expenses and other assets .....	291,158	231,066
	<u>12,136,415</u>	<u>11,700,212</u>
 OTHER INVESTMENTS — at cost .....	 131,000	 339,000
DEFERRED INCOME TAXES .....	<u>—</u>	<u>16,100</u>
 FIXED — at cost		
Buildings and equipment .....	5,190,214	4,918,470
Accumulated depreciation .....	3,320,907	2,994,952
	<u>1,869,307</u>	<u>1,923,518</u>
Leasehold improvements, less amortization ...	337,658	218,286
Land (including deferred development costs of \$35,387, 1973 \$21,740) .....	592,003	510,559
	<u>2,798,968</u>	<u>2,652,363</u>
 INTANGIBLE		
Franchise — at cost .....	531,000	531,000
	<u>\$15,597,383</u>	<u>\$15,238,675</u>

### Auditors' report to the shareholders

We have examined the consolidated balance sheet of Standard Broadcasting Corporation Limited and subsidiary companies as at March 31, 1974 and the consolidated statements of earnings, reinvested earnings and source and use of working capital for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.



# CE SHEET

as at March 31, 1974

## Liabilities

CURRENT	1974	1973
Accounts payable and accrued liabilities .....	\$ 492,884	\$ 482,017
Income taxes .....	20,763	613,232
Dividends .....	562,950	562,950
Deferred income taxes .....	104,000	—
	<u>1,180,597</u>	<u>1,658,199</u>
DEFERRED COMPENSATION PAYABLE .....	—	631,560
DEFERRED INCOME TAXES .....	339,800	—
	<u>1,520,397</u>	<u>2,289,759</u>
SHAREHOLDERS' EQUITY		
Capital Stock		
Authorized —		
10,000,000 common shares without nominal or par value		
Issued and fully paid — 5,629,500 shares ...	1,260,455	1,260,455
Reinvested earnings .....	12,816,531	11,688,461
	<u>14,076,986</u>	<u>12,948,916</u>

See accompanying notes.

Signed on behalf of the Board:

\$15,597,383

\$15,238,675

JOHN A. McDOUGALD  
H.T. McCURDY  
Directors

In our opinion these consolidated financial statements present fairly the financial position of the companies as at March 31, 1974 and the results of their operations and the source and use of their working capital for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario, May 10, 1973.

COOPERS & LYBRAND  
Chartered Accountants



## CONSOLIDATED STATEMENT OF EARNINGS

	For the year ended March 31	
	1974	1973
GROSS REVENUE .....	<b>\$15,069,947</b>	\$14,128,862
Talent fees, salaries and wages of employees, inclusive of fringe benefits .....	<b>5,188,869</b>	4,590,263
Other operating costs and expenses .....	<b>3,385,609</b>	3,238,518
Depreciation and amortization .....	<b>388,156</b>	323,191
	<b>8,962,634</b>	8,151,972
OPERATING PROFIT .....	<b>6,107,313</b>	5,976,890
INCOME FROM INVESTMENTS .....	<b>627,957</b>	433,167
	<b>6,735,270</b>	6,410,057
PROVISION FOR INCOME TAXES		
Current .....	<b>2,901,500</b>	3,062,600
Deferred .....	<b>453,900</b>	44,300
	<b>3,355,400</b>	3,106,900
EARNINGS BEFORE EXTRAORDINARY ITEM .....	<b>3,379,870</b>	3,303,157
EXTRAORDINARY ITEM		
Development and option expenses .....	—	100,806
NET EARNINGS FOR THE YEAR .....	<b>\$ 3,379,870</b>	\$ 3,202,351
EARNINGS PER SHARE		
Before extraordinary item .....	<b>60.0¢</b>	58.7¢
Extraordinary item .....	—	1.8¢
Net earnings for the year .....	<b>60.0¢</b>	56.9¢

## CONSOLIDATED STATEMENT OF REINVESTED EARNINGS

	For the year ended March 31	
	1974	1973
BALANCE — BEGINNING OF YEAR .....	<b>\$11,688,461</b>	\$10,625,128
NET EARNINGS FOR THE YEAR .....	<b>3,379,870</b>	3,202,351
	<b>15,068,331</b>	13,827,479
DIVIDENDS .....	<b>2,251,800</b>	2,139,018
BALANCE — END OF YEAR .....	<b>\$12,816,531</b>	\$11,688,461

See accompanying notes.



## CONSOLIDATED STATEMENT OF SOURCE AND USE OF WORKING CAPITAL

For the year ended March 31

	1974	1973
SOURCE OF WORKING CAPITAL		
Net earnings for the year .....	\$ 3,379,870	\$ 3,202,351
Items not requiring cash outlay —		
Deferred compensation .....	145,755	140,160
Depreciation and amortization .....	388,156	323,191
Deferred income taxes .....	355,900	44,300
Loss on sale of other investments .....	23,239	—
Loss on sale of fixed assets .....	—	15,126
Provided from operations .....	4,292,920	3,725,128
Proceeds from sale of other investments .....	185,000	—
Proceeds from sale of fixed assets .....	21,877	21,764
Proceeds from issue of shares under option .....	—	44,938
	<u>4,499,797</u>	<u>3,791,830</u>
USE OF WORKING CAPITAL		
Deferred compensation .....	777,315	—
Additions to fixed assets .....	556,877	525,194
Dividends .....	2,251,800	2,139,018
	<u>3,585,992</u>	<u>2,664,212</u>
INCREASE IN WORKING CAPITAL .....	913,805	1,127,618
WORKING CAPITAL — BEGINNING OF YEAR .....	10,042,013	8,914,395
WORKING CAPITAL — END OF YEAR .....	<u>\$10,955,818</u>	<u>\$10,042,013</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 1974.

### 1. Principles of Consolidation

These consolidated financial statements include the accounts of Standard Broadcasting Corporation Limited and all of its subsidiaries.

### 2. Extraordinary Item

In 1973 the company wrote off the full amount of development expenses to date relating to activities in the United Kingdom as well as option monies expended principally with a view to securing control of a major communications company in Canada. These expenses, \$100,806 in total, amount to 1.8¢ for each share outstanding at March 31, 1973.



### 3. Stock Options

No shares were issued under stock option agreements during the year. Options to purchase 22,100 shares expired, while the expiry date on options to purchase 55,500 shares at \$15.25 was extended by one year to December, 1974. New options to purchase 25,000 shares at \$9.06 per share were granted. All options are issued at the market price on the date granted. There would be no material dilutive effect on earnings should all options be exercised.

The following stock options were outstanding at March 31, 1974:

<u>Expiry Date</u>	<u>Officers</u>	<u>Key Employees</u>	<u>Total</u>	<u>Option Price</u>
December 1974	21,000	34,500	55,500	\$15.25
December 1978	<u>23,000</u>	<u>2,000</u>	<u>25,000</u>	\$ 9.06
	<u>44,000</u>	<u>36,500</u>	<u>80,500</u>	

115,000 shares are reserved for future options.

### 4. Remuneration of Directors and Officers

Remuneration and fees paid to the eleven directors of the company as directors totalled \$10,750.

Remuneration paid to seven officers and one ex-officer (three of whom are also directors) totalled \$1,111,170 of which \$202,573 was paid by subsidiaries. The total amount referred to includes the payment of the company's entire liability under a deferred compensation plan for certain executives. This liability was charged against operations over the five-year period ended March 31, 1974.

### 5. Long-Term Leases

At March 31, 1974, the company was obligated under long-term leases to pay maximum annual rent of approximately \$195,000. The company has no obligation under these leases beyond the year 1990.

### 6. Contingent Liabilities

A subsidiary of the company has agreed to guarantee borrowing by a third party up to \$500,000 for the purchase of land. To date the guarantee, which expires December 31, 1974, has not been required.



## SUBSIDIARY COMPANIES — SENIOR MANAGEMENT

### CFRB Limited

Chairman of the Board - - - - H. T. McCurdy  
President - - - - - D. H. Hartford  
Vice-President Programming —  
CFRB - - - - - D. W. Insley  
Vice-President Sales - - - - - P. J. Hurley  
Vice-President Advertising - - - - G. F. Maccabe  
Vice-President Engineering - - - - G. C. Eastwood  
Vice-President &  
Station Manager — CKFM - - - W. R. Ballentine  
Vice-President Sales — CKFM - - - R. Purves  
Vice-President Finance,  
Secretary and Treasurer - - - - P. F. Searle, C.A.  
Assistant Treasurer - - - - - Mrs. M. M. MacRae

### CJAD Limited

President - - - - - H. T. McCurdy  
Vice-President & Station Manager —  
CJAD - - - - - W. F. Hambly  
Vice-President Sales - - - - - J. B. Bartrem  
Vice-President & Station Manager —  
CJFM - - - - - P. F. Fockler  
Vice-President Finance - - - - - J. M. Packham, C.A.  
Vice-President,  
Secretary and Treasurer - - - - J. A. Magnan, C.A.  
Assistant Treasurer - - - - - Miss Y. L. Meunier

### Standard Broadcast Sales Company Limited

President - - - - - R. R. Moody  
Vice-President &  
General Manager — Toronto - - A. W. Stinson  
Vice-President &  
General Manager — Montreal - - R. L. Nason  
Vice-President - - - - - K. F. Ursel  
Director of Research - - - - - D. O'Neill

### Canadian Standard Broadcast Sales Inc.

President - - - - - F. A. Roberts  
Vice-President - - - - - R. O'Connor

### Standard Broadcast Productions Limited

President - - - - - J. L. Potts  
Vice-President - - - - - M. B. Thompson

### Standard Sound Systems Company Limited

President - - - - - Alex Oulianine  
Vice-President &  
Assistant Manager - - - - - W. Bidler

### Standard Broadcasting Corporation (U.K.) Limited

Chairman - - - - - The Rt. Hon.  
Lord McFadzean

*Standard Broadcasting Corporation Limited is a constrained-share Company at least 80% of the shares of which must be beneficially owned by persons who are Canadian citizens or who are corporations controlled in Canada.*





